

The Honorable Karen A. Overstreet
Chapter 11
Proposed hearing date:
December 17, 2010 at 9:30 a.m.

Diana K. Carey
Daniel J. Bugbee
Karr Tuttle Campbell
1201 Third Avenue, Suite 2900
Seattle, WA 98101
(206) 223-1313
Attorneys for ISP Trading, LLC

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF WASHINGTON AT SEATTLE

In re)
TERRANCE L. COSGROVE,) Case No. 10-21304 KAO
Debtor.)
) DECLARATION OF GEORGE WALTERS
) IN SUPPORT OF ISP TRADING, LLC'S
) EMERGENCY MOTION FOR
) APPOINTMENT OF A TRUSTEE OR FOR
) CONVERSION TO CHAPTER 7
)
)

1. I make this declaration in support of ISP Trading's Emergency Motion for Appointment of a Trustee or for Conversion to Chapter 7. I am of legal age and am competent to testify to the matters contained herein. If called to do so, I would testify as to their truthfulness. I have personal knowledge of the facts contained in this declaration.

2. ISP Trading, LLC (“ISP”) is an Alaska limited liability company which has at all times done business in King County, Washington. SS Seafoods, which debtor Terrance DECLARATION OF GEORGE WALTERS IN SUPPORT OF ISP TRADING'S EMERGENCY MOTION FOR APPOINTMENT OF A TRUSTEE - 1
#780405 v1 / 40575-001

Law Offices
K A R R T U T T L E C A M P E
A Professional Service Corporation

Law Offices
KARR TUTTLE CAMPBELL
A Professional Service Corporation

1 Cosgrove owns with two others, was ISP's manager. SS Seafoods, through Cosgrove, hired
2 FMS to provide bookkeeping, accounting and other similar services to ISP. As part of
3 providing such services, FMS had access to ISP Trading's financial records and was
4 authorized to write checks from ISP Trading's financial accounts and engage in other
5 financial transactions on ISP Trading's behalf. From 2002-2009, FMS provided management
6 services to ISP.

7
8 3. ISP has a complicated membership structure which consists of three members:
9
10 (1) Alaskan Beauty Joint Venture, a general partnership; (2) North Pacific Enterprises, a
11 general partnership; and (3) Ocean Olympic Fisheries, a sub-chapter S corporation. The
12 parties' ownership can be summarized as follows:

<i>Alaskan Beauty Joint Venture</i>	<i>North Pacific Enterprises</i>	<i>Ocean Olympic Fisheries</i>
Alaskan Beauty Fisheries Inc. • Terry Cosgrove • Tisha Taylor	Otter Bay Fisheries • Terry Cosgrove • Tisha Taylor	Kim Hansen
Seawind Fisheries, Inc. • Russell Moore	NP Fisheries, Inc. • Russell Moore	Terry Cosgrove
Alvarez Fisheries, Inc. • Frederick Alvarez	CDX Enterprise, Inc. • George Walters	Russell Moore

21 4. Ultimately the parties' beneficial interests in ISP distill roughly to Terry
22 Cosgrove and his former wife 34.8 percent, Ross Moore 31.6 percent, Kim Hansen 22.3
23 percent, myself with 9.8 percent, and Rick Alvarez 1.5 percent.

24
25 5. ISP owns 58 percent of North Barents Sea Fisheries LLC ("NBS"). NBS's
26 principal asset is a commercial fishing vessel known as the F/V Spitsbergen, which is located
27 in Norway. During a December 9, 2010 NBS members meeting, which I attended, NBS

28 DECLARATION OF GEORGE WALTERS IN SUPPORT OF
ISP TRADING'S EMERGENCY MOTION FOR APPOINTMENT
OF A TRUSTEE - 2
#780405 v1 / 40575-001

Law Offices
KARR TUTTLE CAMPBELL
A Professional Service Corporation
1201 Third Avenue, Suite 2900, Seattle, Washington 98101-3028
Telephone (206) 223-1313, Facsimile (206) 682-7100

1 advised its members, including ISP, that it requires capital contributions in the amount of
2 \$318,666.67 to enable its vessel to meet the current fishing season in Norway. Otherwise a
3 Norwegian court will arrest the vessel and sell it to pay the debts. ISP's share is \$184,826.66,
4 requiring ISP in turn to raise that money from its own members. During the meeting, it was
5 proposed that this new money that needs to be contributed will be the first money NBS pays
6 out to its members from profits made from commercial fishing. Rather than agreeing with
7 everyone else that NBS's members would make the required contributions to preserve NBS's
8 ownership of the F/V Spitsbergen on the above terms, Cosgrove insisted that ISP's members
9 first meet separately to discuss the situation and ISP's contribution, and refused to disclose to
10 the NBS members who are not also ISP members why an ISP meeting was needed.
11

12 6. NBS's members then adjourned their meeting, and ISP's members
13 immediately commenced a meeting. During that meeting, Cosgrove asked that the other
14 members of ISP buy him out. ISP's other members reminded Cosgrove that they had
15 attempted to do so on multiple occasions, most recently as part of trying to settle the State
16 Court Action, but that Cosgrove had backed out of a mediated settlement designed to
17 accomplish that at the last minute. Cosgrove then informed ISP's other members that he
18 would continue to block ISP from making its contribution to NBS unless and until ISP
19 dismissed its claims against Cosgrove in the consolidated adversary proceeding pending in
20 this Court. Cosgrove has the ability to do so pursuant to provisions in ISP's Operating
21 Agreement, as well as in that of ISP member North Pacific Enterprises' Operating Agreement,
22 which require super majority votes of 66.6 percent and 100 percent respectively, to authorize
23 financial transactions of this magnitude, and Cosgrove owns sufficient ownership percentages
24 such that his vote alone can prevent super majorities from being obtained.

25 DECLARATION OF GEORGE WALTERS IN SUPPORT OF
26 ISP TRADING'S EMERGENCY MOTION FOR APPOINTMENT
27 OF A TRUSTEE - 3
#780405 v1 / 40575-001

Law Offices
KARR TUTTLE CAMPBELL
A Professional Service Corporation
1201 Third Avenue, Suite 2900, Seattle, Washington 98101-3028
Telephone (206) 223-1313, Facsimile (206) 682-7100

7. Thus, Cosgrove is holding all other members of NBS hostage, and in the process putting all of their financial well being at risk, solely out of spite over ISP's other members attempting to recover the more than \$3 million Cosgrove embezzled and stole from ISP.

Under penalty of perjury, under the laws of the State of Washington, the foregoing is true and correct to the best of my knowledge and belief.

Dated this 14 day of December, 2010, at Seattle, Washington.


George Walters, Declarant

DECLARATION OF GEORGE WALTERS IN SUPPORT OF
ISP TRADING'S EMERGENCY MOTION FOR APPOINTMENT
OF A TRUSTEE - 4
#780405 v1 / 40575-001

Law Offices
KARR TUTTLE CAMPBELL
A Professional Service Corporation